GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1903
ANSWERED ON:24.08.2007
MONITORING MECHANISM IN BANKS
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Will the Minister of FINANCE be pleased to state:

(a) whether any monitoring mechanism on the functioning of banks has been established;

(b) if so, the details thereof along with its aims;

(c) the names of the banks whose functioning has not been found satisfactory by this mechanism;

(d) the details of the action taken by the Government against the said banks; and

(e) the outcome thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : The Government of India has put in place a mechanism to monitor the overall performance of all Public Sector Banks (PSBs) on the basis of the `Statement of Intent on Annual Goals (SOI)` submitted by them on various performance parameters including deposits, advances, non-performing assets (NPAs), cost to income ratio, return on assets (ROA), profit, etc.

(c) to (e) : The mechanism of SOI is not a fault finding exercise, but is aimed to motivate, guide and encourage the PSBs in improving upon their performance. The performance of each public sector bank vis-a-vis the annual goals outlined in its SOI is reviewed on a periodic basis and appropriate directions are issued to the banks, wherever required.